

~~Top Secret~~

POLAND: Bank Agreement

Polish representatives and Western bankers meeting in Vienna today are to sign a private debt rescheduling agreement consolidating 95 percent of the principal payments due this year, totaling about \$2.4 billion, into an eight-year loan.

The banks are not insisting Warsaw first pay the interest due this year, as they did before signing the agreement covering maturities for 1981. The new agreement calls for the interest to be paid in three installments, in November and December this year and in March next year.

these agreements will require a substantial net hard currency outflow from Poland, which will slow its recovery. Warsaw is likely to prolong the repayments as long as possible, and probably cannot meet the December and March payments.

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